

SUBCOMMITTEE NO. 4

Agenda

Michael Machado, Chair
Tom McClintock
Christine Kehoe



The Federal REAL ID Act and Implications for California

Thursday, February 23, 2006
12:00 noon
Room 112

Consultant, Brian Annis

Overview of REAL ID

Kendra Breiland, Fiscal & Policy Analyst, Legislative Analyst's Office

Administration Response to REAL ID

Curt Augustine, Deputy Secretary, Business, Transportation & Housing Agency

Bill Cather, Legislative Director, Department of Motor Vehicles

Gary Winuk, Chief Deputy Director, State Office of Homeland Security

Public Comment

Attachments:

Staff Overview of the REAL ID Act

HR 1268 – Division B: The REAL ID Act of 2005

Department of Motor Vehicles initial cost estimates for REAL ID

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Staff Overview of REAL ID

The federal REAL ID Act (the Act) was approved by the United States Congress and signed into law by President Bush on May 11, 2005. The Act has significant workload and cost implications for the Department of Motor Vehicles (DMV). Additionally, the Act requires 24 million licensed drivers and identification card holders in California to return to DMV offices to establish identity and obtain compliant cards. Provisions of the Act must be implemented by May 11, 2008; however, federal regulations concerning implementation of the Act are pending.

Major Provisions:

- **Importance of obtaining a compliant license.** After May 2008, a Federal agency may not accept, for an *official purpose*, a driver's license issued by a State to any person unless the State is meeting the requirements of the Act. *Official purpose* is defined: "includes but is not limited to accessing federal facilities, boarding federally regulated commercial aircraft, entering nuclear power plants, and any other purposes that the Secretary shall determine."
- **Issuance standards.** States cannot issue compliant licenses unless individuals establish identity and "lawful status" in the United States through producing multiple documents, as specified, such as a birth certificate and visa/asylum paperwork (as applicable).
- **Digital imaging.** The DMV must capture digital images of identity source documents so that the images can be retained in electronic storage in a transferable format.
- **Verification of identity documents.** The DMV is required to verify the validity of any identity documents with the issuing agency.
- **License features.** Among other requirements, the new cards must list a person's address of principle residence and contain a "common machine-readable technology."
- **Data sharing with other States.** The DMV must provide all other States with electronic access to the DMV database of license-holder information. The DMV must refuse to issue a license to a person holding a license or card issued by another state without confirmation that the person has terminated the driver's license.
- **Physical Security.** The DMV must ensure the physical security of locations where licenses and cards are produced and where the document materials are stored.
- **Security clearances.** The DMV must subject persons authorized to manufacture or produce licenses to appropriate security clearance requirements.
- **Training.** The DMV must train employees to recognize fraudulent documents.
- **Distinguishing markings for non-compliant licenses.** If the DMV issues licenses that do not comply with the provisions of the Act, these cards must have a unique design to distinguish them from compliant cards.
- **Funding.** No funding is included in the Act itself for implementation, however, \$40 million was appropriated in the 2006 federal fiscal year for grants to states (DMV indicates California is unlikely to receive any of this funding).
- **Extensions.** The Secretary of Homeland Security may grant, to a state, an extension of time to implement the Act if the state provides adequate justification for noncompliance.

One Hundred Ninth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,
the fourth day of January, two thousand and five*

An Act

Making Emergency Supplemental Appropriations for Defense, the Global War on Terror, and Tsunami Relief, for the fiscal year ending September 30, 2005, and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the “Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005”.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.

DIVISION A—EMERGENCY SUPPLEMENTAL APPROPRIATIONS FOR DEFENSE, THE GLOBAL WAR ON TERROR, AND TSUNAMI RELIEF, 2005

- Title I—Defense Related Appropriations
- Title II—International Programs and Assistance for Reconstruction and the War on Terror
- Title III—Domestic Appropriations for the War on Terror
- Title IV—Indian Ocean Tsunami Relief
- Title V—Other Emergency Appropriations
- Title VI—General Provisions and Technical Corrections

DIVISION B—REAL ID ACT OF 2005

SEC. 3. REFERENCES.

Except as expressly provided otherwise, any reference to “this Act” contained in any division of this Act shall be treated as referring only to the provisions of that division.

~~DIVISION A—EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR DEFENSE, THE GLOBAL WAR ON TERROR, AND TSUNAMI RELIEF, 2005~~

~~That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2005, and for other purposes, namely:~~

sections 1361 and 1651 of such title, and review pursuant to any other provision of law (statutory or nonstatutory).”;

(2) in subsection (b)(9), by adding at the end the following: “Except as otherwise provided in this section, no court shall have jurisdiction, by habeas corpus under section 2241 of title 28, United States Code, or any other habeas corpus provision, by section 1361 or 1651 of such title, or by any other provision of law (statutory or nonstatutory), to review such an order or such questions of law or fact.”; and

(3) in subsection (g), by inserting “(statutory or nonstatutory), including section 2241 of title 28, United States Code, or any other habeas corpus provision, and sections 1361 and 1651 of such title” after “notwithstanding any other provision of law”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect upon the date of the enactment of this division and shall apply to cases in which the final administrative order of removal, deportation, or exclusion was issued before, on, or after the date of the enactment of this division.

(c) TRANSFER OF CASES.—If an alien’s case, brought under section 2241 of title 28, United States Code, and challenging a final administrative order of removal, deportation, or exclusion, is pending in a district court on the date of the enactment of this division, then the district court shall transfer the case (or the part of the case that challenges the order of removal, deportation, or exclusion) to the court of appeals for the circuit in which a petition for review could have been properly filed under section 242(b)(2) of the Immigration and Nationality Act (8 U.S.C. 1252), as amended by this section, or under section 309(c)(4)(D) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1101 note). The court of appeals shall treat the transferred case as if it had been filed pursuant to a petition for review under such section 242, except that subsection (b)(1) of such section shall not apply.

(d) TRANSITIONAL RULE CASES.—A petition for review filed under former section 106(a) of the Immigration and Nationality Act (as in effect before its repeal by section 306(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1252 note)) shall be treated as if it had been filed as a petition for review under section 242 of the Immigration and Nationality Act (8 U.S.C. 1252), as amended by this section. Notwithstanding any other provision of law (statutory or nonstatutory), including section 2241 of title 28, United States Code, or any other habeas corpus provision, and sections 1361 and 1651 of such title, such petition for review shall be the sole and exclusive means for judicial review of an order of deportation or exclusion.

TITLE II—IMPROVED SECURITY FOR DRIVERS’ LICENSES AND PERSONAL IDENTIFICATION CARDS

SEC. 201. DEFINITIONS.

In this title, the following definitions apply:

(1) DRIVER'S LICENSE.—The term “driver's license” means a motor vehicle operator's license, as defined in section 30301 of title 49, United States Code.

(2) IDENTIFICATION CARD.—The term “identification card” means a personal identification card, as defined in section 1028(d) of title 18, United States Code, issued by a State.

(3) OFFICIAL PURPOSE.—The term “official purpose” includes but is not limited to accessing Federal facilities, boarding federally regulated commercial aircraft, entering nuclear power plants, and any other purposes that the Secretary shall determine.

(4) SECRETARY.—The term “Secretary” means the Secretary of Homeland Security.

(5) STATE.—The term “State” means a State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

SEC. 202. MINIMUM DOCUMENT REQUIREMENTS AND ISSUANCE STANDARDS FOR FEDERAL RECOGNITION.

(a) MINIMUM STANDARDS FOR FEDERAL USE.—

(1) IN GENERAL.—Beginning 3 years after the date of the enactment of this division, a Federal agency may not accept, for any official purpose, a driver's license or identification card issued by a State to any person unless the State is meeting the requirements of this section.

(2) STATE CERTIFICATIONS.—The Secretary shall determine whether a State is meeting the requirements of this section based on certifications made by the State to the Secretary. Such certifications shall be made at such times and in such manner as the Secretary, in consultation with the Secretary of Transportation, may prescribe by regulation.

(b) MINIMUM DOCUMENT REQUIREMENTS.—To meet the requirements of this section, a State shall include, at a minimum, the following information and features on each driver's license and identification card issued to a person by the State:

(1) The person's full legal name.

(2) The person's date of birth.

(3) The person's gender.

(4) The person's driver's license or identification card number.

(5) A digital photograph of the person.

(6) The person's address of principle residence.

(7) The person's signature.

(8) Physical security features designed to prevent tampering, counterfeiting, or duplication of the document for fraudulent purposes.

(9) A common machine-readable technology, with defined minimum data elements.

(c) MINIMUM ISSUANCE STANDARDS.—

(1) IN GENERAL.—To meet the requirements of this section, a State shall require, at a minimum, presentation and verification of the following information before issuing a driver's license or identification card to a person:

(A) A photo identity document, except that a non-photo identity document is acceptable if it includes both the person's full legal name and date of birth.

(B) Documentation showing the person's date of birth.

(C) Proof of the person's social security account number or verification that the person is not eligible for a social security account number.

(D) Documentation showing the person's name and address of principal residence.

(2) SPECIAL REQUIREMENTS.—

(A) IN GENERAL.—To meet the requirements of this section, a State shall comply with the minimum standards of this paragraph.

(B) EVIDENCE OF LAWFUL STATUS.—A State shall require, before issuing a driver's license or identification card to a person, valid documentary evidence that the person—

(i) is a citizen or national of the United States;

(ii) is an alien lawfully admitted for permanent or temporary residence in the United States;

(iii) has conditional permanent resident status in the United States;

(iv) has an approved application for asylum in the United States or has entered into the United States in refugee status;

(v) has a valid, unexpired nonimmigrant visa or nonimmigrant visa status for entry into the United States;

(vi) has a pending application for asylum in the United States;

(vii) has a pending or approved application for temporary protected status in the United States;

(viii) has approved deferred action status; or

(ix) has a pending application for adjustment of status to that of an alien lawfully admitted for permanent residence in the United States or conditional permanent resident status in the United States.

(C) TEMPORARY DRIVERS' LICENSES AND IDENTIFICATION CARDS.—

(i) IN GENERAL.—If a person presents evidence under any of clauses (v) through (ix) of subparagraph (B), the State may only issue a temporary driver's license or temporary identification card to the person.

(ii) EXPIRATION DATE.—A temporary driver's license or temporary identification card issued pursuant to this subparagraph shall be valid only during the period of time of the applicant's authorized stay in the United States or, if there is no definite end to the period of authorized stay, a period of one year.

(iii) DISPLAY OF EXPIRATION DATE.—A temporary driver's license or temporary identification card issued pursuant to this subparagraph shall clearly indicate that it is temporary and shall state the date on which it expires.

(iv) RENEWAL.—A temporary driver's license or temporary identification card issued pursuant to this subparagraph may be renewed only upon presentation

of valid documentary evidence that the status by which the applicant qualified for the temporary driver's license or temporary identification card has been extended by the Secretary of Homeland Security.

(3) VERIFICATION OF DOCUMENTS.—To meet the requirements of this section, a State shall implement the following procedures:

(A) Before issuing a driver's license or identification card to a person, the State shall verify, with the issuing agency, the issuance, validity, and completeness of each document required to be presented by the person under paragraph (1) or (2).

(B) The State shall not accept any foreign document, other than an official passport, to satisfy a requirement of paragraph (1) or (2).

(C) Not later than September 11, 2005, the State shall enter into a memorandum of understanding with the Secretary of Homeland Security to routinely utilize the automated system known as Systematic Alien Verification for Entitlements, as provided for by section 404 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (110 Stat. 3009–664), to verify the legal presence status of a person, other than a United States citizen, applying for a driver's license or identification card.

(d) OTHER REQUIREMENTS.—To meet the requirements of this section, a State shall adopt the following practices in the issuance of drivers' licenses and identification cards:

(1) Employ technology to capture digital images of identity source documents so that the images can be retained in electronic storage in a transferable format.

(2) Retain paper copies of source documents for a minimum of 7 years or images of source documents presented for a minimum of 10 years.

(3) Subject each person applying for a driver's license or identification card to mandatory facial image capture.

(4) Establish an effective procedure to confirm or verify a renewing applicant's information.

(5) Confirm with the Social Security Administration a social security account number presented by a person using the full social security account number. In the event that a social security account number is already registered to or associated with another person to which any State has issued a driver's license or identification card, the State shall resolve the discrepancy and take appropriate action.

(6) Refuse to issue a driver's license or identification card to a person holding a driver's license issued by another State without confirmation that the person is terminating or has terminated the driver's license.

(7) Ensure the physical security of locations where drivers' licenses and identification cards are produced and the security of document materials and papers from which drivers' licenses and identification cards are produced.

(8) Subject all persons authorized to manufacture or produce drivers' licenses and identification cards to appropriate security clearance requirements.

(9) Establish fraudulent document recognition training programs for appropriate employees engaged in the issuance of drivers' licenses and identification cards.

(10) Limit the period of validity of all driver's licenses and identification cards that are not temporary to a period that does not exceed 8 years.

(11) In any case in which the State issues a driver's license or identification card that does not satisfy the requirements of this section, ensure that such license or identification card—

(A) clearly states on its face that it may not be accepted by any Federal agency for federal identification or any other official purpose; and

(B) uses a unique design or color indicator to alert Federal agency and other law enforcement personnel that it may not be accepted for any such purpose.

(12) Provide electronic access to all other States to information contained in the motor vehicle database of the State.

(13) Maintain a State motor vehicle database that contains, at a minimum—

(A) all data fields printed on drivers' licenses and identification cards issued by the State; and

(B) motor vehicle drivers' histories, including motor vehicle violations, suspensions, and points on licenses.

SEC. 203. TRAFFICKING IN AUTHENTICATION FEATURES FOR USE IN FALSE IDENTIFICATION DOCUMENTS.

(a) **CRIMINAL PENALTY.**—Section 1028(a)(8) of title 18, United States Code, is amended by striking “false authentication features” and inserting “false or actual authentication features”.

(b) **USE OF FALSE DRIVER'S LICENSE AT AIRPORTS.**—

(1) **IN GENERAL.**—The Secretary shall enter, into the appropriate aviation security screening database, appropriate information regarding any person convicted of using a false driver's license at an airport (as such term is defined in section 40102 of title 49, United States Code).

(2) **FALSE DEFINED.**—In this subsection, the term “false” has the same meaning such term has under section 1028(d) of title 18, United States Code.

SEC. 204. GRANTS TO STATES.

(a) **IN GENERAL.**—The Secretary may make grants to a State to assist the State in conforming to the minimum standards set forth in this title.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to the Secretary for each of the fiscal years 2005 through 2009 such sums as may be necessary to carry out this title.

SEC. 205. AUTHORITY.

(a) **PARTICIPATION OF SECRETARY OF TRANSPORTATION AND STATES.**—All authority to issue regulations, set standards, and issue grants under this title shall be carried out by the Secretary, in consultation with the Secretary of Transportation and the States.

(b) **EXTENSIONS OF DEADLINES.**—The Secretary may grant to a State an extension of time to meet the requirements of section 202(a)(1) if the State provides adequate justification for noncompliance.

SEC. 206. REPEAL.

Section 7212 of the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108–458) is repealed.

SEC. 207. LIMITATION ON STATUTORY CONSTRUCTION.

Nothing in this title shall be construed to affect the authorities or responsibilities of the Secretary of Transportation or the States under chapter 303 of title 49, United States Code.

TITLE III—BORDER INFRASTRUCTURE AND TECHNOLOGY INTEGRATION

SEC. 301. VULNERABILITY AND THREAT ASSESSMENT.

(a) **STUDY.**—The Under Secretary of Homeland Security for Border and Transportation Security, in consultation with the Under Secretary of Homeland Security for Science and Technology and the Under Secretary of Homeland Security for Information Analysis and Infrastructure Protection, shall study the technology, equipment, and personnel needed to address security vulnerabilities within the United States for each field office of the Bureau of Customs and Border Protection that has responsibility for any portion of the United States borders with Canada and Mexico. The Under Secretary shall conduct follow-up studies at least once every 5 years.

(b) **REPORT TO CONGRESS.**—The Under Secretary shall submit a report to Congress on the Under Secretary's findings and conclusions from each study conducted under subsection (a) together with legislative recommendations, as appropriate, for addressing any security vulnerabilities found by the study.

(c) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to the Department of Homeland Security Directorate of Border and Transportation Security such sums as may be necessary for fiscal years 2006 through 2011 to carry out any such recommendations from the first study conducted under subsection (a).

**SEC. 302. USE OF GROUND SURVEILLANCE TECHNOLOGIES FOR
BORDER SECURITY.**

(a) **PILOT PROGRAM.**—Not later than 180 days after the date of the enactment of this division, the Under Secretary of Homeland Security for Science and Technology, in consultation with the Under Secretary of Homeland Security for Border and Transportation Security, the Under Secretary of Homeland Security for Information Analysis and Infrastructure Protection, and the Secretary of Defense, shall develop a pilot program to utilize, or increase the utilization of, ground surveillance technologies to enhance the border security of the United States. In developing the program, the Under Secretary shall—

(1) consider various current and proposed ground surveillance technologies that could be utilized to enhance the border security of the United States;

(2) assess the threats to the border security of the United States that could be addressed by the utilization of such technologies; and

(3) assess the feasibility and advisability of utilizing such technologies to address such threats, including an assessment

RESPONSE TO QUESTION NUMBER FOUR

4. Any cost estimates that have been developed by the DMV or BT&H regarding implementation of the Act. Please include all underlying information that was used to develop cost estimates.

CALIFORNIA AND THE REAL ID ACT HIGH LEVEL COSTING

The High Level Costing reflected on the following table presents the best cost product to date given what is known at this time. Exhaustive meetings in concert with meticulous study of available material have resulted in the generation of the numbers included in the table.

However, this should not be construed as being a comprehensive presentation of what the total costs will be. This is because meetings are continuing at the federal level to solidify the requirements of the Real ID Act. Many issues are unresolved that could have significant cost ramifications.

The High Level Costing table is actually composed of three tables. Each of which may change as discussed above. They are:

- Expenses that will be incurred based on known information and best estimates for a total cost of \$196.9 million,
- Expenses that will be incurred but actual expenditures are unknown for a total cost of \$77.7 million to \$196.6 million – these represent costs that will be incurred as payments to other entities but for which the unit costs are currently unknown or indeterminable, and
- Dependent on Department of Homeland Security definition of “pending applications” for a total cost of \$107.4 million – these represent costs that could change depending on the determination of the definition.

The aggregate sum of the above tables ranges from \$274.6 million to \$500.9 million over a six-year period.

Major Assumptions for Real I.D. Act Cost Estimates

Implementation Date: May 11, 2008

- Requirements apply to all driver license and identification cards issued on or after May 11, 2008. The state has a five-year period in which to enroll current card holders (until 2013).
- Driver license renewal by mail and over the Internet will have to be suspended for five years beginning May 11, 2008, as a result of the in-person enrollment requirement.
- All new and renewal driver license and identification card applicants must visit a field office in person and bring their original birth certificate and/or legal presence documents, and two documents showing residence address.
- Source documents will have to be digitally captured at the field location; stored and retrievable for 10 years.
- Additional verification requirements and processing time necessary for 6 million driver license and identification card applicants that DMV would normally process in our field offices every year.
- New field office workload and verification requirements for approximately 2.5 million customers (existing renewal by mail/renewal by internet customers that need to be re-enrolled) per year for five years.
- Any additional facilities will be temporary trailers/modular through 2013.
- Name field in the current driver license and identification card system will have to be expanded to 175 characters.
- Assumes that 40% of the cost to replace the telephone system and micrographics camera and digital imaging database system, is driver license/identification card related.

- Additional security features will be added to California driver license and identification cards. Also, assumes a 2D barcode on driver license/identification cards. Costs for CHP to read the new cards have not been included.
- An additional 1 to 1.4 million phone calls will be generated by the public.
- The Federal Government will develop and have available, a national on-line birth certificate verification system for the state to access for verification. A fee will be charged to the state for the use of the system. Programming costs for connectivity to this system will be required.

California and the Real ID Act
High Level Costing

gh Level Costing Real ID as of February 6, 2006

EXPENSES THAT WILL BE INCURRED BASED ON KNOWN INFORMATION AND BEST ESTIMATES

	FY 2006/2007	FY 2007/2008	FY 2008/2009	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013
PY - Total	20 PY	250 PY	500 PY	500 PY	500 PY	500 PY	375 PY
PY Costs	\$1,773,880	\$15,605,168	\$23,908,368	\$23,908,368	\$23,908,368	\$23,908,368	\$16,105,784
OE and E		\$2,434,786	\$4,466,773	\$3,649,903	\$3,649,903	\$3,649,903	\$2,432,510
Consultant Services	\$500,000	\$1,500,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Telephone Equipment*	\$1,365,000	\$1,791,000	\$1,381,000				
Digital Imaging Equipment*	\$1,608,000	\$141,667	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
Name Expansion Programming	\$995,304						
Criminal Background Checks		\$462,093	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Facilities	\$1,036,342	\$7,569,992	\$4,783,992	\$4,783,992	\$4,783,992	\$4,783,992	\$4,783,992
Total Estimated Costs	\$7,278,526	\$29,504,706	\$35,590,133	\$33,392,263	\$33,392,263	\$33,392,263	\$24,372,286
						GRAND TOTAL	\$196,922,440

Confidential Information

February 2006

California and the Real ID Act
High Level Costing

EXPENSES THAT WILL BE INCURRED BUT ACTUAL EXPENDITURES ARE UNKNOWN

	FY 2006/2007	FY 2007/2008	FY 2008/2009	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013
DL/ID Cards		\$455,000 - \$1,820,000	\$2,762,500 - \$11,050,000	\$2,762,500 - \$11,050,000	\$2,762,500 - \$11,050,000	\$2,762,500 - \$11,050,000	\$2,762,500 - \$11,050,000
\$0.30 TO \$1.30							
National DL/ID Database		\$2,450,000 - \$4,900,000	\$12,200,000 - \$24,400,000	\$12,200,000 - \$24,400,000	\$12,200,000 - \$24,400,000	\$12,200,000 - \$24,400,000	\$12,200,000 - \$24,400,000
\$0.5 - \$0.10 per month							
Natl Birth Document Database		\$2,000,000	\$2,125,000	\$2,125,000	\$2,125,000	\$2,125,000	\$2,125,000**
\$0.25 per record							
Total Estimated Costs	\$0	\$2,895,000 - \$8,720,000	\$14,962,500 - \$37,575,000	\$14,962,500 - \$37,575,000	\$14,962,500 - \$37,575,000	\$14,962,500 - \$37,575,000	\$14,962,500 - \$37,575,000
					GRAND TOTAL	\$77,707,500 - \$196,595,000	

EXPENSES THAT MAY OR MAY NOT BE INCURRED

	FY 2006/2007	FY 2007/2008	FY 2008/2009	FY 2009/2010	FY 2010/2011	FY 2011/2012	FY 2012/2013
Dependent on DHS Definition of "ending applications"		\$6,711,059	\$40,266,352	\$34,779,730	\$8,544,976	\$8,544,976	\$8,544,976
						GRAND TOTAL	\$107,392,069

* Cost of equipment prorated based on DL vs. VR usage

Note - This chart does not include the costs for the related projects:

IT Modernization - \$226,430,000

Portal - \$26,500,000

**This assumes that there will be 100% electronic verification at 25 cents. Otherwise additional personnel resources will be necessary for phone verification.

TOTAL COSTS \$274,629,940 - \$500,909,509

February 2006

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